



Catawba America
P. O. Box 891 1112 Mill Street
Camden, South Carolina 29020
(803) 432-9828
FAX (803) 425-1086

BAA Hill - LEGAL
BP MINERALS AMERICA
Minerals Exploration - Camden Office

September 8, 1988

Mr. Graham R. Ball
Gwalia Resources (Int'l), Ltd.
38-40 Parliament Place
West Perth 6005
Western Australia

Re: Barite Hill

Dear Graham:

The Catawba Agreement you have in hand is the lease agreement. It becomes a lease automatically upon notice of exercise. We sent this notice in August (see attached). Yes, the Catawba area comprises a single tract, and I read the Agreement as you do, that the entire parcel must be swapped. I regret the high price involved here, but it was the best we could do after four years of difficult negotiations with Catawba. I understand that some management changes are taking place at Catawba, and that the tough old bargainer we had to deal with is about to retire. If Mr. Joe Simpson does retire soon, it may be possible to re-negotiate this aspect of the deal. There's not much hope of improving the deal if Mr. Joe remains in charge, however.

Attached is evidence of the Rainsford \$50,000 payment, made in January.

Also attached is a copy of a letter from the Dorn Banking Company, refusing to subordinate the Dorn mortgage to our lease. We have done our best to obtain this, but we simply have no leverage with the bank to go any further. Perhaps the title company might waive or modify this requirement, now that Mrs. Dorn has reduced the balance of the mortgage to \$20,000.



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Minerals America
P. O. Box 891 - 1112 Mill Street
Camden, South Carolina 29020
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FAX (803) 425-1086

BP MINERALS AMERICA

Minerals Exploration - Camden Office

August 17, 1988

Certified Mail

#1 P 718 978 034

Mr. Joe Simpson
President
Catawba Timber Company
P.O. Box 128
Catawba, SC 29704

Dear Mr. Simpson:

Re: Exercise of Option To Lease Exploration Agreement With
Option To Lease, Dated September 1, 1985 Tract No. 1282,
Parcel 1, 148.02 acres in McCormick County, South Caro-
lina

In accordance with Article 3 of the above-referenced
Agreement, please consider this letter as notice by Amselco
Minerals Inc. to exercise its option to lease said Tract No.
1282, Parcel 1, as more particularly described in Exhibit A
attached hereto.

Under separate cover, we are sending you payment of the
Advance Minimum Royalty for the first year of the Lease.

Thank you for your cooperation in the past and look
forward to working with you as our exploration continues at
the Barite Hill Project.

Sincerely,

BP Minerals America
(formerly Amselco Minerals Inc.)

W. K. Martin

W. K. Martin
Landman

WKM/sl

Attachment

cc: D. J. Duskin
D. R. Watkins

Tract 1282, Parcel 1

EXHIBIT "A"
to
EXPLORATION AGREEMENT
with
OPTION TO LEASE

Bowater Incorporated Tract No. 1282, Parcel 1 located in McCormick County, South Carolina and being more particularly described as follows:

Being all of Parcel 1 of Tract 1282 conveyed by East Highlands Company to Catawba Timber Company by deed dated January 1, 1979 and of record in Deed Book 49, Page 142, in the Office of the Clerk of Court for McCormick County, South Carolina, containing 148 acres, more or less.

The southeastern boundary of said property was subsequently modified by two boundary line agreements dated November 17, 1980 and November 18, 1980 and of record respectively in Deed Book 54, Page 14, and Deed Book 54, Page 15, in the Office of the Clerk of Court for McCormick County, South Carolina, so that said property now consists of 148.02 acres.

SUBJECT to existing easements and rights of way for public roads and highways and public utilities, if any, extending into, through, over, or across the above described property.

Prior title reference: Deed Book 49, page 142, Office of the Clerk of Court for McCormick County, South Carolina.

Said Parcel and Tract described above is a single contiguous body of land and is a single tract as defined in Article 1(b) of the Agreement and Option to which this Exhibit "A" is attached.



Minerals America
P. O. Box 891 - 1112 Mill Street
Camden, South Carolina 29020
(803) 432-9820
FAX (803) 425-1086

BP MINERALS AMERICA
Minerals Exploration - Camden Office

August 17, 1988
Certified Mail
P 718 978 036

Mr. Joe P. Simpson
President
Catawba Timber Company
P.O. Box 128
Catawba, SC 29704

Dear Mr. Simpson:

Re: Advance Minimum Royalty Payment for Exploration Agree-
ment With Option To Lease, Dated September 1, 1985
148.02 acres, McCormick County, South Carolina

Please find enclosed check number 515 in the amount of sixteen thousand three hundred forty-three and 49/100 dollars (\$16,343.49) drawn on the account of BP Minerals America (formerly Amselco Minerals Inc.). This check constitutes the advance minimum royalty payment due September 1, 1988, on your 148.02-acre tract, pursuant to the above referenced Agreement.

Following are the calculations used to derive the payment listed above. In accordance with Article 5 b. of the above referenced Agreement, advance minimum royalty payments are adjusted to the Consumer Price Index for all Urban Consumers from the effective date of the said Agreement, September 1, 1985. The index for September, 1985 is 108.3 and the most recent index is 118.0 for June 1988. Divide 118.0 by 108.3 equals 1.089566. Then multiply times \$15,000, the original payment, and the result is \$16,343.49, current payment due.

Please feel free to contact me should you have any questions.

Sincerely,

BP Minerals America
(formerly Amselco Minerals Inc.)


W. K. Martin
Landman

WKM/sl

Enclosure

cc: D. J. Duskin
D. R. Watkins



**AMSELCO
MINERALS INC.**

1112 Mill Street
P.O. Box 891
Camden, South Carolina 29020
Telephone: (803) 432-9828

HEAD OFFICE:
999 Eighteenth Street, Suite 1201
Denver, Colorado 80202-2484
Telephone: (303) 292-6722
Telex: 450205
Facsimile: (303) 296-1294

January 11, 1988

Rainsford and Sons
Post Office Box 486
Edgefield, SC 29824

Gentlemen:

Re: First Amendment to Mining Lease and Option Agreement
Dated December 13, 1979 (Original Agreement Dated
December 14, 1974)

Please find enclosed check number 13118 in the amount of fifty thousand and no/100 dollars (\$50,000.00) drawn on the account of Amselco Minerals Inc. This constitutes the bonus payment for that amount which is due January 14, 1988 on your 113.4-acre tract pursuant to Section 5 of the First Amendment of Mining Lease and Option Agreement dated December 13, 1979.

Please feel free to contact me at the Camden number shown above should you have any questions.

Sincerely,

AMSELCO MINERALS INC.

W. Kenneth Martin
Landman

WKM/dn

Enclosure

cc: J. F. Webster
D. J. Duskin

CERTIFIED MAIL
RETURN RECEIPT REQUESTED



DORN BANKING
COMPANY
McCORMICK, S. C. 29835

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

G. J. SANDERS
CHAIRMAN
G. J. SANDERS, JR.
PRESIDENT
CHARLIE C. SANDERS
VICE PRESIDENT
HILDRETH G. STROM
VICE PRESIDENT

August 29, 1988

Mr. W. K. Martin
BP Minerals America
P. O. Box 891
Camden, South Carolina 29020

Dear Mr. Martin:

Re: Mortgage 51/43--Jennings Gary Dorn, Sr., and Jennings
Gary Dorn, Jr. to Dorn Banking Company dated May 22,
1980. Recorded May 29, 1980.

We received your letter regarding the above mortgage
and the possibility of our subordinating our mortgage. Our
attorney advises against it, and I am fairly certain that the
regulatory authorities would not approve this.

I regret that we will be unable to take this action.

Very truly yours,

THE DORN BANKING COMPANY

G. J. Sanders, Jr.
President

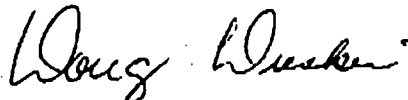
s/s

Mr. Graham R. Ball
September 8, 1988
Page 2

Thanks for your confirmation of the arrival of the packet of reports. Please let me know if you have further needs for information.

Sincerely,

BP Minerals America



D. J. Duskin
Exploration Manager
Eastern USA

DJD/sl

atts:

cc: w/atts: Richard Pierce